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DEPARTMENT FOR THE SECRETARY, EAP, EAP/BCLTV

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SUBJECT: SCENESETTER FOR THE SECRETARY'S VISIT TO THAILAND

Classified By: Ambassador Ralph L. Boyce. Reason 1.4 (a and d)

#### SUMMARY

1. (C) Madame Secretary, all of us in Thailand look forward to your visit to Phuket. The Royal Thai Government is particularly enthusiastic about hosting you: Prime Minister Thaksin Shinawatra (Prime Minister TOCK-sin) and Foreign Minister Kantathi Suphamongkhon (Minister KHAN-ta-tee) plan to join you for meetings there. Deputy Prime Minister and UN Secretary General Candidate Surakiart Sathirathai (Deputy

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Minister SUR-a-ki-aht) plan to escort you as you tour tsunami recovery sites. Coming six months after the devastating December 26 tsunami, your visit will give you an opportunity to showcase private and public sector assistance to the region and highlight the resilience of the Thai people as they rebuild their lives. In your meetings with senior leaders, you can tap into the good will generated by America's historic response to the tsunami to advance a number of key foreign policy objectives. On the security front, you can express our willingness to deepen dialogue about strategic issues while urging Thailand to provide more material support for recovery operations in Iraq and to endorse the Proliferation Security Initiative. The Thai have strong relations with Beijing (Thaksin is there right now, as a matter of fact, celebrating the 30th anniversary of diplomatic relations) and will welcome hearing about your trip to Beijing and sharing views on China's growing role in Southeast Asia. You can discuss our ongoing bilateral Free Trade Agreement (FTA) talks and express our hopes that we conclude a comprehensive agreement. With former FM Surakiart's UN candidacy a key Thai objective, you can expect your interlocutors will be ready and willing to discuss UN reform. While supportive of constructive engagement with Burma, PM Thaksin has recently expressed growing frustration with the ruling junta in Rangoon and can share his views on prospects for reform in Rangoon. Thaksin remains a key ally in the Global War on Terror and will welcome your thoughts on this subject as well as developments in Iraq and Afghanistan.

He will likely share his opinions on his largest domestic challenge -- unrest in the predominantly Muslim provinces of southernmost Thailand. FM Kantathi plans to visit Pyongyang shortly after your visit and wants to discuss the North Korean situation. End Summary.

#### AFTERMATH OF THE TSUNAMI -- RECOVERY UNDERWAY

2. (U) The massive rescue and recovery operation undertaken by the U.S. military as a result of the December 26 tsunami was historic and will likely be studied as a model for years to come. Mercifully, U.S. casualties were much lighter (two dozen confirmed or presumed dead) than those suffered by other countries. Thousands of Thai, Europeans and other Asians were killed -- primarily in resorts north of Phuket -- a haven for vacationers during the holiday season. Total fatalities will likely never be known; the official number is about 5,400 but Thai officials privately say they expect the final death toll to top 8,000.

3. (SBU) While previous dignitaries visiting the devastated area were able to focus on the destruction itself, your visit can highlight recovery efforts. Such a message would be welcomed by senior Thai officials who are telling the world that Phuket is again open for business and asking foreigners to spend their tourist dollars there as a way to help locals recover. The outpouring of assistance from around the world has been overwhelming. There are a number of sites you may wish to visit to witness for yourself this generosity. For example, students at the International School of Bangkok have raised over 800,000 dollars from children around the world to help rebuild a school in the Khao Lak area that was destroyed by the wave. The project site, jointly supported by the King of Thailand, is a beehive of activity and is already the home of 700 students, including 181 tsunami orphans. Other possible sites include new housing developments, repaired fishing boats and infrastructure projects.

#### THE ASSISTANCE EFFORT ITSELF

4. (C) U.S. disaster relief efforts, led by the U.S. military, had an immediate impact on affected areas in Thailand. III MEF Commander, Lt. Gen. Robert Blackman, was

the commanding general of Combined Support Force 536 (CSF 536), which was based out of Utapao Thai Naval Air Station. CSF 536 worked closely with the Embassy and JUSMAGTHAI to ensure that requests for assistance were promptly addressed and to assist coordination of relief from civilian agencies, NGOs and corporate donors. The Royal Thai Armed Forces granted the U.S. military blanket overflight clearances for relief operations in the region, including for aircraft from the USS Abraham Lincoln Battle Group which operated off Sumatra. In addition to permitting our use of Utapao, the Royal Thai Government integrated Thai officers into the CSF staff where needed. During the height of operations, over 1800 USG personnel operated out of Utapao. We distributed over 660,000 pounds of supplies within Thailand including medicine, food, dry ice and body bags. USAF C-130s made regular delivery runs from Utapao and Bangkok to affected areas for time sensitive supplies while bulk shipments tended to go overland. USN P-3s positioned at Utapao conducted search and rescue missions in the region. Teams made up of medical specialists from the CDC, the Armed Forces Research Institute of Medical Science and the Joint POW/MIA Accounting Command in Hawaii were also deployed to Thailand to assist with victim identification. U.S. Navy SEALs and a representative from the Office of Foreign Disaster Assistance worked closely with Thai military units to search for the remains of American and other victims of the disaster. Embassy Bangkok provided 24-hour American Citizens Services for weeks after the crisis to assist Americans, claim Amcit remains and coordinate USG relief efforts and operated a virtual Consulate in Phuket City to assist Americans. The coordination among U.S. military and civilian officers forward deployed in the Phuket area was a model of cooperation. Longer-term assistance is being provided by USAID in the form of replacement of small fishing boats and the provision of start-up loans for the recovery of small-scale aquaculture and tourism-related businesses. Thailand is also eligible for a USD \$150 million soft loan facility OPIC is making available to tsunami-affected areas. The Thai seek assistance in setting up a tsunami early warning system and will welcome assurances from you that we are providing technical assistance to help countries in the Indian Ocean Basin establish a network.

#### THE BILATERAL RELATIONSHIP

15. (SBU) Bilateral relations with Thailand are excellent. The goodwill generated by America's quick and massive response to the tsunami is palpable. American businesses have over \$20 billion in direct investment in Thailand. The United States is Thailand's largest export market and second only to Japan as a foreign investor. U.S. visitors to Thailand during the past few months have included former Presidents Bush and Clinton, former Secretary Powell, Governor Jeb Bush, Secretary Rumsfeld, Deputy Secretary Zoellick, and then-Deputy Secretary of Defense Wolfowitz.

16. (SBU) Nonetheless, there are several points of friction. Human rights remain a key concern. On October 25, 2004, poorly trained Thai military and civilian security forces forced nearly 1,300 Thai Muslim protesters into trucks to be transported to a military base nearly three hours away. 78 protesters died en route. The Department's annual human rights report, which in 2004 voiced concern over the lack of accountability for approximately 1,300 extrajudicial killings in 2003 during a "war on drugs" promoted by the Prime Minister, rankles the Thai Government. The United States also has a substantial (about USD 10 billion) trade deficit with Thailand.

17. (C) Thailand's policy of "constructive engagement" with the military junta in Burma and provision of economic assistance to Rangoon is a source of continuing frustration for us. The Thai government supports democracy in Burma but maintains, not altogether convincingly, that engagement with the SPDC is the only realistic approach it has to make progress on the major cross-border flows of refugees, illegal economic migrants, and methamphetamines it faces from Burma. Recently PM Thaksin has voiced growing frustration with Rangoon and his Ministers tell us that Thai policy may become less favorable towards Burma.

18. (C) China's growing influence in Thailand and Southeast Asia is evident in business, the arts, and the media. While Thai military links with the United States are deeper and far more apparent than Sino-Thai links, the Thai military has increased contacts with the PLA and a number of Chinese weapons systems in its arsenal. Recent visitors have found PM Thaksin to be an engaging interlocutor when discussing China -- he would likely welcome a chance to discuss China's role in the region. He is there at the moment, celebrating the 30th anniversary of diplomatic relations.

#### THE DOMESTIC SCENE -- PM THAKSIN'S DOMINATION OF THAI POLITICS

9. (SBU) Prime Minister Thaksin was returned to power with a strong majority in early February, winning 377 of the 500 seats in Parliament. His Thai Rak Thai (Thais Love Thais) political party dominates domestic politics. This election was the first time in Thai history that an elected civilian Parliamentary government filled out its entire term and was reelected. The Prime Minister's populist policies, public relations savvy and a booming economy resonated well with the Thai electorate. Thaksin comes from a prosperous Sino-Thai family in Thailand's second largest city, Chiang Mai, and placed first in his class at the National Police Academy. He spent several years studying in the United States -- earning a master's degree in Criminal Justice from Eastern Kentucky University and a Doctorate in Criminology from Sam Houston State University. (Thaksin jokingly likes to refer to himself as an "honorary Texan.") After a few years with the police, he left government service to run the family business (Shinawatra Corporation or Shin Corp), which he turned into Thailand's largest telecommunications company, making himself a multi-billionaire in the process. Thaksin characterizes himself as a "CEO Prime Minister" and portrays himself as a decisive leader. Critics, with some justification, accuse him of stifling dissent within his government and filling key government positions with family members or classmates. Following several meetings in Washington and the very successful October 2003 Bangkok APEC Summit, Thaksin believes that he enjoys a special relationship with the President.

#### VIOLENCE IN THE SOUTH

10. (C) Prime Minister Thaksin's biggest domestic challenge is the unsettled security situation in the far southern part of the country. Southern Thailand, in particular the southernmost Muslim majority provinces of Pattani, Yala, and Narathiwat, has experienced episodic violence since it was incorporated into the Siamese Kingdom in 1902. However, 2004 witnessed a dramatic increase in the level of violence, with over 500 people killed either by militants or by security forces. Local Muslim separatist militants have attacked symbols of Thai and Buddhist authority, and there continue to be almost daily incidents of violence, notably even after the tsunami disaster of December 26. Attacks most often involve

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isolated shootings of local officials, although increasingly sophisticated bombing attacks have become more common. While there is no credible evidence of Jemaah Islamiyah (JI) or al-Qaeda direction of the violence, there is concern that they might attempt to exploit the local violence for their own purposes.

11. (C) Thaksin has recently acknowledged that the problem in Thailand's south is not simply the work of criminal gangs as he once declared, and that recent RTG policies towards the South have failed to halt the violence. Thaksin recently appointed a National Reconciliation Commission (NRC) headed by highly respected former Prime Minister Anand Panyarachun to look for alternative solutions to the long-running insurgency, and has indicated that he might replace martial law with something less harsh. Until recently, this violence was directed primarily at RTG institutions with no evidence of attacks directed towards foreign interests. On April 3, however, simultaneous bombs exploded outside a French-owned Carrefour supermarket and at an international airport, killing two persons. Since then there have been no other attacks on foreign-owned targets. You may wish to point to our current efforts to improve human rights training for Thai soldiers and officers who will rotate to the south. We are working with U.S. experts to develop a multi-faceted training program to educate enlisted soldiers, mid-level officers and senior Thai leadership. Thaksin -- and most Thais -- are sensitive about any perception that the U.S. wants to establish a security presence in the south. Outrageous but widely circulated rumors that the U.S. has fomented violence in the South also need to be considered when discussing offers of possible U.S. assistance.

#### THAILAND AND IRAQ

12. (C) Thailand has played an important role in supporting the Global War on Terror. In addition to capturing terrorist mastermind Hambali -- the link between the Jemaah Islamiyah and al Qaeda -- Thailand sent troops to both Afghanistan and Iraq. Thailand dispatched two six-month deployments to Iraq as part of OIF. In December 2003, two Thai soldiers were killed by a car bomb while on duty in Karbala. Thailand's second six-month deployment of 443 medics and engineers to Iraq ended on September 20, 2004. While participation in OIF has not caused the domestic furor in Thailand that it has in other countries, Thaksin's critics have used Thailand's deployments to Iraq against him. Several RTG officials have told us that Thailand's deployments have been used by militants to stir up dissent in the Muslim south. Recently, CJCS General Myers sent a letter asking Thailand to consider sending staff officers to man the OIF Multinational Headquarters. Although in recent meetings with PACOM Commander ADM Fallon and Deputy Secretary Zoellick Thaksin

had said that he would consider some "humanitarian" presence in Iraq, at a private dinner with me on May 12, Thaksin seemed extremely sensitive to the issue, particularly the symbolism that a Thai presence in Iraq would have among Muslims in southern Thailand. Thaksin stressed that as an ally Thailand supported the U.S. on Iraq, but asked us to be sensitive to his own efforts to manage the situation in Thailand's south.

#### MILITARY COOPERATION

13. (C) The massive U.S. military response offering relief to tsunami victims and our use of Utapao Thai Naval Air Station as the hub for our relief efforts in Indonesia, Sri Lanka and Thailand was possible in large part to our having more than fifty years of close cooperation with the Thai military. Thailand also affords the United States a unique platform in Asia to work jointly with other Asian military forces, including those from Japan and Indonesia, and to conduct multinational peacekeeping, disaster relief, and other exercises. Our largest exercise, Cobra Gold, is America's only annual joint/combined multinational training exercise in the Asia Pacific region. We are working with the Thai military to build a National Training Facility (NTF) -- which could become a regional center -- to improve Thai peacekeeping and counterterrorism capabilities. Further expansion of our cooperative exercises with Thailand coupled with our expected use of the NTF could go a long way toward establishing a near-continuous U.S. presence in Southeast Asia in support of our stability and security goals. We are exploring at the working-level the possibility of improving strategic talks with the Thai MFA and military to share views on the region and to shape Thai thinking about proliferation, terrorism, threats to the free flow of commerce and the future role in the region of China and India.

#### FREE TRADE AGREEMENT (FTA)

14. (SBU) Our premier economic initiative with Thailand is a bilateral FTA. Initiated in mid-2004, talks have progressed, albeit at a moderate pace. The FTA we seek is far more comprehensive than previous trade deals inked by Thailand: areas of concern include inclusion in the FTA of labor rights and environment safeguards, financial services, and stronger intellectual property laws and enforcement. Thailand is pressing us on improved access to the United States for Thai workers. With other Southeast Asian countries eager for an FTA with the United States, it is an open question how long we will continue to devote the bulk of our negotiating resources to the slow-moving Thai talks.

#### PROLIFERATION SECURITY INITIATIVE (PSI)

15 (C) After a year and a half of lobbying from the U.S. and others, Thailand apparently has made the basic policy decision to be more supportive of PSI and is moving through the final steps towards endorsement of the PSI Statement of Interdiction Principles (SOP). However, despite recent assurances by both the Foreign Minister and Deputy Prime Minister that official Thai endorsement of PSI awaits only final Cabinet approval, the Royal Thai Government has failed to move forward with the initiative. Prime Minister Thaksin's final scrutiny of the decision will be key, and his endorsement cannot be taken for granted given his mercurial decision making style. Thai leaders told Secretary Rumsfeld that Thailand will likely endorse PSI only after another ASEAN nation besides Singapore does so.

#### F-16 SALE

16. (C) Thailand recently announced its plans to purchase 18 fighter aircraft to replace aging F-5s in the Royal Thai Air Force (RTAF) fleet. Thaksin has made it clear that the company winning the contract must be willing to engage in barter/countertrade for Thai agricultural products. Bidders on the contract include Sweden's Saab's Gripen fighter, Russia's Sukhoi SU-30 and Lockheed Martin's F-16. Senior U.S. leaders visiting Thailand, including Deputy Secretary Zoellick and Secretary Rumsfeld have urged Thailand to seriously consider Lockheed Martin's F-16. You also raised the issue with FM Kantathi in Washington in May. The F-16 is demonstrably a better aircraft and Lockheed Martin recently made it clear that it is willing to offer a 100 percent barter trade financing package. The Embassy believes that continued pressure from senior U.S. officials like yourself is essential for Lockheed Martin's prospects. It is our belief that a transparent competition that takes into consideration capability of the aircraft, interoperability with U.S. forces, and cost would result in F-16 winning the contract.

#### BURMA

17. (C) Although Thailand remains committed to its engagement strategy with Burma -- and you can expect frequent reference to the 2,400 kilometer long border the countries share -- PM Thaksin has recently confided to us his

frustration with the SPDC. He will be prepared for you to urge Thailand to take a tougher stance with Burma. FM Kantathi will probably tell you that the SPDC will postpone Burma's turn in the ASEAN chair rotation and could make such an announcement in Vientiane.

#### REFUGEES

118. (SBU) We are in the latter stages of refugee resettlement programs for 15,500 Hmong and about 2,500 Burmese. We recently reached agreement with the Thai on starting another major resettlement effort which will draw from the 145,000 Burmese currently residing in nine refugee camps along the Thai-Burma border. This is likely to be a multi-year project that will move tens of thousands of Burmese refugees to the United States. Thai cooperation on these programs, which serve the interests of both sides, has so far been excellent.

#### IN CLOSING

119. (U) We are excited about your visit. The Thai are honored that you are going out of your way to visit their country on a trip that will take you to Tokyo, Seoul and Beijing. We look forward to helping make your visit a success.

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